



Agenda Date: 6/6/01
Item:

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

I/M/O THE PROVISION OF BASIC)
GAS SUPPLY SERVICE PURSUANT)
TO THE ELECTRIC DISCOUNT AND)
ENERGY COMPETITION ACT,)
N.J.S.A. 48:3-49 et. seq.)

ENERGY

ORDER ESTABLISHING
PROCEDURAL SCHEDULE

DOCKET NO. GX01050304

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-58, the Board is required to determine, by January 1, 2002, whether to make available basic gas supply service ("BGSS") on a competitive basis to any gas supplier, any gas public utility, or both.

Basic gas supply service is defined in EDECA as "gas supply service that is provided to any customer that has not chosen an alternative gas supplier, whether or not the customer has received offers as to competitive supply options, including, but not limited to, any customer that cannot obtain such service for any reason, including non-payment for services. Basic gas supply service is not a competitive service and shall be fully regulated by the board." N.J.S.A. 48:3-51. Those who provide this service are sometimes referred to as "default providers" or "suppliers of last resort". In New Jersey, this service has been provided by regulated utilities for over 70 years.

Whether to make available basic gas supply service on a competitive basis is a complex question with serious implications particularly with respect to system reliability and pricing. There are numerous issues involved with the possible provision of BGSS by unregulated entities. Among the issues that need to be carefully considered by the Board before it makes its determination are: what customer services should be included in BGSS on a competitive basis; who will be responsible for reliability; who will be responsible for system balancing; does competitive BGSS pricing have to be uniform for all similarly situated customers; will the distribution company have any remaining supply and/or capacity responsibilities; and should utility affiliates be permitted to supply BGSS in a competitive environment?

In order that it may obtain a broad spectrum of opinions from affected parties on these significant issues, the Board has prepared a list of relevant questions, upon which it would welcome timely comments. Interested parties should file comments on the attached list of BGSS questions by July 9, 2001. At the same time as comments are being prepared and reviewed, the BOARD DIRECTS Staff to meet with interested

parties in a working group-type setting to discuss the major issues and explore possible areas of common ground. Staff shall report back to the Board as to the status of the working group by no later than August 15, 2001. After reviewing the written comments and receiving an update from Staff as to the status of the working group discussions, the Board will determine what future procedural steps, if any, are necessary and appropriate in order to enable the Board to issue a decision before January 2002, consistent with EDECA's requirements.

DATED: June 12, 2001

BOARD OF PUBLIC UTILITIES
BY:

CAROL J. MURPHY
ACTING PRESIDENT

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

FRANCES L. SMITH
SECRETARY

I/M/O THE PROVISION OF BASIC GAS SUPPLY SERVICE PURSUANT TO

**THE ELECTRIC DISCOUNT AND ENERGY AND COMPETITION ACT OF
1999, N.J.S.A. 48:3-49 et. seq.
Docket No. GX01050304**

SHOULD BGSS BE COMPETITIVE

1. What benefit would customers see if BGSS were made available on a competitive basis?
2. Would benefits accrue uniformly to all classes?
3. Would reliability be maintained? How?
4. If the Board were to make BGSS competitive, should the Board allow 100% of utility customers to be eligible, or should there be a transition program?

If BGSS were to be made available on a competitive basis -

GENERAL

1. What is the role of the regulated gas distribution company if BGSS becomes available competitively?
2. How do you envision BGSS being supplied?
3. Is it necessary that one supplier provide BGSS to all customers?
 - a. If not, is it necessary that all similar customers be priced the same?
 - b. Would BGSS be divided as a “slice of the system”, or on some other basis?
4. Should there be any restriction on affiliates competing for BGSS service?
5. Would billing and metering be a part of BGSS service?
6. What credit worthiness provisions need to be applied?
7. How often would the Board reconsider BGSS?
8. How would customers participate (voluntary sign-up or assignment)
9. Should BGSS be structured to provide multiple pricing options for customers?
10. Should each gas utility implement the same type of competitive BGSS program, or do unique utility situations lead to different BGSS programs?
11. Should the Board regulate BGSS providers?
12. Should BGSS suppliers be licensed similar to third party suppliers, or should there be a separate BGSS license?
 - a. If a separate BGSS license is required, what standards should the Board establish?
13. What additional consumer protections should be adopted by the Board, if any, for customers served by competitive BGSS providers?

RELIABILITY

1. Would the Board have jurisdiction to oversee the capacity arrangements of providers?
2. How would the Board monitor the capacity arrangements of BGSS providers?
3. How would system balancing be accomplished?
4. How would BGSS customers be served if a supplier(s) defaults?
5. Who should perform long-term planning regarding additional supply and capacity?